

RECENT CONDOMINIUM UPDATES

From Fannie Mae!

Fairway Independent Mortgage Corporation is pleased to provide you with highlights of the updates that Fannie Mae (FNMA) has made on some project standards for condominiums that has helped simplify and increase flexibilities for loans secured by units in condominium projects. The below information is not all encompassing, but it will help give you some of the most impactful updates regarding FNMA condominium projects.

Single Entity Ownership:

- Waive the single-entity ownership requirement when the purchase transaction will result in a reduction in the single-entity ownership concentration (maximum single-entity ownership 49%, no delinquent dues, no pending or active special assessments)
- Exempt units held by nonprofits, affordable housing programs (including units subject to non-eviction rent regulation codes), or institutions of higher education from the percentage of single-entity ownership calculation
- Allow single-entity in projects with 21 or more units to increase to 20%

Commercial Space:

- Exempt commercially owned or operated parking spaces from the project's commercial space calculations
- Increase commercial space to 35%

Legal Non-Conforming Zoning:

- Align project standards policy to standard appraisal policy that requires the appraiser to comment on the market response to legal non-conforming zoning

Investment Property Transactions:

- Allow investor transactions to be eligible for limited review for loan-to-value (LTV),* CLTV, and HCLTV to 75%

FHA Project Review:

- Allow delivery of conventional loans secured by units in established condominium projects approved by FHA's HUD Review and Approval Process (HRAP) -Additional requirements apply

2- to 4-Unit Condo Projects:

- Waive project review requirements, with the exception of some basic requirements that apply

Established Project Definition:

- Allow a new condominium project to be reviewed as an "established" project if it meets all the requirements for an established project other than the 90% unit conveyance policy. Allow 80% conveyance if the developer is holding back units as rental stock, if additional requirements are met.

Projects Operating as a Hotel or Motel ("Condotel" Policy):

Clarify criteria for identifying projects that operate as hotels or motels. The HOA and/or project cannot:

- Be licensed or managed/operated as a commercial hotel, motel, resort, or hospitality entity
- Restrict owners' ability to occupy the unit during any part of the year
- Require owners to make their unit available for rental pooling (daily or otherwise)
- Require that the unit owners share profits from the rental of units to the HOA, management company, or resort or hotel rental company

Contact us today!



Lyndee Paulus

Loan Officer

NMLS# 1716116

Office: 970-455-8911

Mobile: 970-389-0494

lyndee.paulus@fairwaymc.com

www.lyndeePaulus.com

416 Bayview Drive, Unit C

Frisco, CO 80443

     Download the FairwayNOW app! <https://mtgpro.co/u97rh>